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ABSTRACT

This status report outlines the progress of the California Community College Finance Project. Working papers, models, and alternative proposals are reviewed in four areas: mission and function, finance, governance, and management. Priorities in mission and function are stated in terms of the characteristics and educational needs of the nearly 1.3 million students in the system. Student needs involve preparation for transfer; occupational training; and basic language, computational, and learning skills. The finance section presents seven support source models, and considers a variety of support techniques including locus of budget decisions, workload measures, phasing and year to year change, funding amounts, incentives, institutional vs. student aid, and cost differences. Three governance policy alternatives are considered which offer varying amounts of local, region and state control in areas of influence; budgeting and allocation of funds; program and course approval; planning; personnel; admissions; new campuses, centers, facilities, and equipment; and academic standards. The management section discusses the use of human resources, including faculty, administrative and supporting staff, students, and the community; and material resources of facilities and equipment. It also deals with scheduling and measuring student work, and accountability, which is described in terms of mandates, legal compliance, evaluation and accreditation. Background papers and a bibliography, as well as a list of the task force and finance study group members, are included. (MB)

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FINANCE PROJECT

STATUS REPORT
AND
PRELIMINARY
WORKING PAPERS

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FOR DISCUSSION BY
BOARD OF GOVERNORS
CALIFORNIA COMMUNITY COLLEGES

CHANCELLOR'S OFFICE
PRELIMINARY DRAFT
SEPTEMBER 1, 1978

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CHANCELLOR'S OFFICE
PRELIMINARY DRAFT
September 1, 1978

FINANCE PROJECT

STATUS REPORT AND WORKING PAPERS

FOR DISCUSSION BY
BOARD OF GOVERNORS

CONTENTS

	PAGE
Status Report	1
Process and Schedule	1
Finance Package	3
Table 1. Outline of Project Issues	4
Table 2. Illustration of Policy Combinations	6
Mission and Function	8
Clientele	8
Purposes	12
Priorities	16
Appendix A: Working Definitions of Purposes	19
Finance	25
Support Sources	25
Table 1. Support Source Models	26
Support Techniques	29
Locus of Budget Decisions	29
Workload Measures	30
Phasing and Year-to-Year Change	32
Funding Amounts - Limits and Controls	33
Incentives	34
Institutional Vs. Studetn Aid	35
Cost Differences	36
Governance	40
Background	40
Policy Alternatives	44
Figure 1. Influence in Policy Alternatives	45
Status Quo	47
Current Education Code Delineation of Functions	49
Option 1: Increased Local Responsibility	53
Option 2: Increased Regional Responsibility	55
Option 3: Increased State Responsibility	57
Management	59
Use of College Resources	59
Faculty	59
Administrative and Supporting Staff	60
Students	61
Community	61
Facilities	62

Scheduling and Measuring Student Work 63
Accountability 66
Mandates 66
Legal Compliance 66
Evaluation 67
Accreditation 68
Accountability Models 68

Background Papers and Bibliography 72

Memberships
Finance Task Force 74
Finance Study Groups 75

PRELIMINARY DRAFT
September 1, 1978

COMMUNITY COLLEGE FINANCE PROJECT
STATUS REPORT

FOR DISCUSSION BY
BOARD OF GOVERNORS

PROCESS AND SCHEDULE

Work continues on the Community College Finance Project. Since the last (July 29th) Board of Governors' meeting, project development and review have taken place in the following sessions:

Chancellor's Office Executive Staff	July 31, August 7, 14, 21
Organizations Group	August 16
Finance Study Groups	August 16, 17
Finance Task Force	August 17, 18
Association of California Community College Administrators (ACCCA) Finance and Personnel Committees	August 23

Four study groups have been formed to collect and analyze information in each of the following project study areas:

Mission and Function
Finance
Governance
Management

Work of these groups is reviewed and integrated by the Finance Task Force. This Task Force will help prepare a final report of the project.

Staff are drafting preliminary working papers on problems and alternatives in each project study area. These working papers are attached for the Board's discussion at the special meeting early in September. In addition, project development and review will take place in

Chancellor's Organizations Group	September 6
Chancellor's Executive Staff	September 12
ACCCA Finance Committee	September 12
Southern Instructional Deans	September 14
Superintendents/Presidents' Planning Committee	September 14
Chancellor's Advisory Committee	September 18
Finance Study Groups	September 19, 20
Board of Governors' Regular Meeting	September 21, 22
Finance Task Force	September 27

As the preliminary description of policy alternatives nears completion, the analytical phase of the project begins and will extend through the end of this calendar year. Work has started on development of simulation models to assess alternative finance proposals. Needed analyses and information are now being identified and assigned to appropriate staff. Related to this needed information is the Board's interest in Proposition 13 impact, voiced in the Board's July 1978 resolution.

Project efforts include participation by other executive agencies and the Legislature. In addition, staff will work closely with the Commission on Government Reform.

The Commission on Government Reform, chaired by Alan Post (former Legislative Analyst), was established by Executive Order after the passage of Proposition 13 and has been meeting since early July. Four policy committees have been formed, staff assistance has been secured, and a project outline has been developed. The Commission plans to

develop a workable and agreed-upon formula for distributing the one percent property tax;

investigate those governmental functions appropriate for transfer from local to state jurisdiction;

study the impact of Proposition 13 on public employment;

forecast state revenues;

recommend appropriate tax and revenue-sharing plans; and

strengthen long-term revenue expenditure balances.

An interim report by the Commission will be delivered to the Governor and Legislature by January 15, 1979, covering both the financing and structure of state and local government.

Following the Board of Governors' special September meeting, the Board will receive progress reports from staff and testimony regarding the project in September, October, and possibly, in November. A package of recommended reform alternatives will be presented in December. Board action on a finance package should take place no later than January 1979 if legislation is to be prepared and enacted for implementation beginning July 1, 1979.

There is, of course, no guarantee that such legislation will be successful. The Legislature could adopt another one-year solution to the problems of local government agencies (including community colleges) that face lost revenues as a result of Proposition 13. Another one-year solution is feasible given the estimated state general fund surplus and short of a tax rebate that would seriously lower that surplus. This, however, holds true only if community colleges can operate at a level at or below this year. Clearly, this outcome would be undesirable. A long-term finance package proposed by the Board of Governors and, hopefully, accompanied by a broad consensus seems the only vehicle to avoid another (undesirable) one-year solution or a longer term solution proposed by another state executive agency, such as the Department of Finance, or by the Legislature itself.

FINANCE PACKAGE

The "package" concept begins with consideration of the areas of major recent change: funding sources and techniques (project issues No. 3 and No. 4, see Table 1). Closely related, in a variety of ways, is the decisionmaking structure for planning, budgeting, and program implementation (issue No. 5). Related to decisionmaking are the means of (a) organizing districts, colleges, and centers and (b) coordinating effectively with other educational suppliers (issues No. 6 and No. 7).

September 1, 1978

TABLE 1

CALIFORNIA COMMUNITY COLLEGE FINANCE
OUTLINE OF PROJECT ISSUES

Suggested Procedure:

1. Specify alternative solutions to each of the ten basic issues.
2. Analyze alternatives, noting interrelationships.
3. Package recommended solutions for each issue to form finance proposal.

Mission and Function

1. PROGRAM CONTENT AND ACCESS
   What programs and services are to be offered and to whom? Do the community colleges continue to provide the diverse set of programs cited in the Board's Philosophy and Goals to all California adults irrespective of prior academic training and other social, cultural and economic factors?

2. PROGRAM PRIORITIES
   Are some community college programs valued more highly by the public than others? Who's to make this determination: elected or appointed representatives, taxpayers, the consumers (students), or all four?

Finance

3. SUPPORT SOURCES
   Who should pay and for what, given those who benefit and those who pay subsequent to Proposition 13? How are ability-to-pay criteria to be observed if user fees are employed?

4. SUPPORT TECHNIQUES
   How is support to be distributed among colleges? What incentives are built in? Are categoricals or general aid or both used? Where are college budgets determined?

Governance

5. DECISIONMAKING STRUCTURE
   Who decides broad policy, plans, programs, and budgets for colleges? Who makes college policy, managerial, and operating decisions? When?

6. DISTRICT AND COLLEGE ORGANIZATION
   How are the 106 colleges and 3,000 outreach centers to be organized and managed?

7. INTERINSTITUTIONAL COORDINATION
   How do community colleges coordinate their efforts effectively with the other ten suppliers of comparable undergraduate postsecondary education?

Management

8. USE OF COLLEGE RESOURCES
   How can community college staff, equipment, and buildings be most effectively utilized, recognizing the following factors about these resources: their finite availability, their character, laws concerning their use and price, and their organization?

9. SCHEDULING AND MEASURING STUDENT WORK
   What academic calendar and course scheduling techniques are most effective? What is the best balance between classroom instruction and supporting activities such as counseling and use of learning resource centers? What measures of student work and progress are equitable and useful (including nontraditional techniques such as credit by examination, self-pacing, etc.)?

10. ACCOUNTABILITY
    How can legal compliance be separated from evaluation and the latter focused primarily on product or output, rather than process, so that those who pay the bill are assured of the worth of their investment? What is the proper balance between pre- and post-audits and who's responsible for their conduct?

The mission and functions of community colleges along with appropriate priorities (issues No. 1 and No. 2) can be determined, for the most part, independently of the above issues. Once other policy options, described above, have been resolved, the final step in constructing the package is to describe the use of college resources, ways in which student work are scheduled and measured, and necessary accountability (Issues No. 8, No. 9, and No. 10).

These project issue areas are quite broad in scope, encompassing a multitude of problems. It appears that a finance package, if it's to be complete, must cover problems inherent not only in the techniques and sources of funding, but also in related issues concerning mission and function, governance, and management.

The project will examine a broad range of policy options or solutions to problems in each of the ten issue areas. Obviously, the number of combinations of solutions or packages quickly multiplies. (If there were just three policy options considered for each of the ten areas, some 3^{10} or 59,049 different packages would be possible.) Much time and effort could be spent assessing a confusing multitude of packages, many of which are not feasible. To avoid this, emphasis of the project's analytical phase will be put first on alternative solutions to individual issues.

Noting the interrelationships among policy options for different issues, the next phase of analysis will avoid those sets of policy options that are logically inconsistent. An example of possible sets formed by (1) funding techniques and (2) the location of most planning and budgeting decisions should illustrate this strategy.

Each axis in Table 2 sets forth three possible alternatives (to the status quo, also shown) for both "techniques" and "decisions." Nine combinations are possible. Combinations A, E, and I are most often regarded as likely policy alternatives for a variety of reasons. However, combinations B, D, F, and H are also feasible, albeit perhaps more difficult to implement. By contrast, combinations C and G appear logically inconsistent and, therefore, not feasible.

Table 2

ILLUSTRATION OF POLICY COMBINATIONS
DERIVED FROM FUNDING TECHNIQUES AND
LOCATION OF MOST PLANNING AND BUDGETING
DECISIONS

Funding Technique	Location of Most Planning and Budgeting Decisions			
	Local	Status Quo	Regional	State
Funds obtained by college in general, rather than categorical way; similar in concept to revenue sharing.	A		B	C
Status Quo		SQ		
Intermediate or "mixed" techniques	D		E	F
Categorical aid near or 100% of revenues; similar to "line item" budgeting	G		H	I

As other factors (such as "funding source") are added, the policy combinations grow. However, project analyses and presentations will strive to minimize the number of comparisons and judgments required to assess and select the preferred of several alternative finance packages.

The attached materials are working papers for the four project study areas. For each area, questions and problems are discussed together with possible solutions or policy options. Normative or judgmental statements are minimized, though it's virtually impossible to present such a discussion without some conclusions, particularly with respect to existing problems. In any case, there is no attempt in these papers to analyze or appraise and recommend any particular policy option. While other options likely will be added, those described here form the basis for analysis, the next phase of the project.

Also attached is a partial listing of background papers and other bibliographical materials used to date in the project.

FINANCE PROJECT
WORKING PAPER ON
COMMUNITY COLLEGE MISSION AND FUNCTION

The mission and function of California Community Colleges can be described by their clientele and purposes. Once described, inquiries may be made about the rationale for possible changes to this mission, attributing priorities to specific college functions, and assessing how such changes (or continuation of the status quo) affect finance, governance, and college management.

CLIENTELE

The existing community college clientele numbers nearly 1.3 million students enrolled in formal instruction plus another several hundred thousand individuals participating in various college community services. It's been estimated that if both instruction and community services are counted, the colleges may serve as many as one of every five California adults.

This clientele is quite unlike that historically enrolled in the first two years of college or in community colleges in most other states:

- Three-fourths are part-time
- Most work full or part-time
- One-fourth are over 35 years-of-age, the average being 27
- More than half are women
- Three of ten are from minority racial and ethnic background
- Most have incomes well below those reported by students in public four-year colleges

California Community Colleges have become "peoples' colleges" by virtue of their many sites and the "open door" policy. This policy is implemented by (a) no tuition and (b) "open" admissions for Californians.

Several factors have opened the California Community Colleges to a greater degree than any other large system. The most important factor has been tuitionless education No system of scholarships has been able, in any other state to attract the broad cross-section of American life to college as has tuitionless education in California.

Concomitant with a lack of tuition has been an "open door" policy, which admitted students whether or not they had completed their high school education and whether or not their work in high school had "earned" them a place in college. This policy did not require a lowering of "college" standards once the student had entered; it merely provided a final opportunity for those who had not benefitted from a successful, college-prepatory high school career.

Community colleges must admit those who live within their district boundaries or those who reside in California, but not within any college district. (All or part of nine counties are outside districts.) Colleges have discretion regarding the admission of (a) students residing in other districts within California and (b) students from outside California.

Finally, but also important, was the placement of colleges where the people are: that is, in a fashion which permitted most Californians to commute to a college. It is this convenience of location that has justified the term "community" in the community colleges.

Yet, it was not until the advent of a system of "support services" in the 1960's that the "people's colleges" could provide opportunities equivalent to their access. The junior colleges had offered remediation courses in "basic skills," but in an unsophisticated fashion. Remediation courses often assumed the student had already acquired study skills, when, in fact, remediation was made necessary by the absence of study skills. More recently, the method of teaching the basic skills in reading, writing and computation has been altered and refined. Counseling and guidance, where it existed at all, was not refined to the great diversity of students who would begin to attend the colleges in the 1960's and 1970's. A variety of financial aids programs have been added, along with counseling for veterans, re-entry women, minorities, those with occupational

interests, the handicapped and other special clients. No least important, college libraries have grown to meet the diverse academic, vocational and recreational needs of the new clientele.

Thus, the clientele is currently a mix of various ethnic, economic, social, and age groups. This mix of people is one means by which an important socialization function of the community colleges is accomplished. To some degree this continues a historic mission of all public education in America. The mission is still a pressing one in California, which continues to receive people from a variety of foreign nations at the adult level. Many feel the socialization process and working out of intergroup tensions is a very significant function of community colleges.

Proposition 13 contains no direct mandate to change the criteria determining those eligible to attend community colleges:

high school equivalency
18 years-of-age
advanced placement of certain high school students under 18

The direct message of Proposition 13 was to cease funding local government with a tax tied to the assessed valuation of real property. For several years in California, property values had increased at rates far exceeding the growth in personal income, needed governmental expenditures, and most other indices of economic activity. A second perhaps indirect message, as interpreted by most public officials, was to economize and make more efficient governmental services. There was no mandate to decrease services or to eliminate certain individuals from eligibility for services. (Many observers, however, do feel that passage of the initiative suggests a desire on the part of the electorate that more individuals pay for services directly, rather than be subsidized by the general taxpayer.)

In the future, more college graduates will be employed in jobs formerly filled by individuals without college training. The need for greater training at short-of-baccalaureate level is evident. Also, individuals will be changing careers

more frequently in the future. The community colleges are well suited and have long been involved in the task of job retraining. Finally, the task of providing equal opportunities for community college postsecondary education does not appear to be completed. (This can be confirmed by examining the profile of students and how and, more importantly, why it differs from the profile of adult Californians. This should help reveal remaining barriers, as opposed to personal preferences, that result in certain subpopulations of adults attending community colleges more often than others.)

Alternatives to existing policies include:

decreasing those eligible

(a) directly by imposing admissions requirements or limiting the amount of community college work for which individuals are eligible

(b) indirectly by increasing tuition and fees

increasing those eligible

(a) by educating <u>all</u> adults in continuing and occupational education, leaving high schools and regional occupational centers to educate only minors

(b) by educating all public lower division students, leaving the University (UC) and State University and Colleges (CSUC) to educate only upper division and graduate students.

Beyond these and other policy alternatives, the profile of existing students should be examined in light of the Board's goal of

> "Equal opportunity for access...irrespective of age, sex, race or ancestry; economic, cultural, or physical condition; previous educational experience; or geographic location."

Of the other ten or so suppliers of an educational product similar to that of community colleges, only Regional Occupational Programs (ROPs), Comprehensive Education and Training Act (CETA) prime sponsors, and high school adult schools, by policy, enroll the same basic group of individuals as community colleges.

Among this group are those unable to pay the charges of private or proprietary institutions and/or unable to meet the admissions requirements of private and public higher education institutions.

It has been suggested that adults should be educated in community colleges and other postsecondary institutions, leaving ROP's and high schools to educate only minors. This would require major changes in finance, governance, and the management of staff and facilities. An alternative is to simply change governance and finance, allowing community colleges to contract with ROP's and high schools for the work formerly done by these agencies.

Another clientele-related policy alternative is to expand admissions of community colleges such that they conduct all publicly supported lower division academic programs in California. This would require a major re-examination of the division of labor in the 1960 Master Plan for Higher Education and ensuing Donahue Act.

PURPOSES

Community college purposes may be described in terms of both student needs and the usual college activities or functions. Definitions of categories in both lists are contained in Appendix A. Empirical descriptions of the amount of activity in each category are being prepared. The preliminary lists are as follows:

Student Needs

1. preparation for transfer
2. occupational training for
   (a) career entry
   (b) career re-entry
   (c) job upgrading
   (d) career change
3. basic language, computational, and learning skills for
   (a) high school proficiency
   (b) college readiness

4. consumer and homemaking skills
5. citizenship and skills for civic and public participation
6. avocational skills and leisure and recreational skills
7. cultural appreciation
8. personal, educational, and career decisionmaking skills
9. career information and job placement
10. financial assistance

College Functions

1. lower division transfer, including liberal arts and general education
2. occupational education
3. basic skills
4. consumer education
5. citizenship
6. community interest education
7. instructional support services
8. student support services
9. public or community services and/or entertainment

In considering policy alternatives to the status quo, the lists could be expanded, contracted, or remain the same. It can be argued that Proposition 13 carries no particular mandate with respect to these purposes. Some feel, however, that passage of the initiative puts several of these purposes in question. If so, these purposes ought to be examined to see if they are within the appropriate educational mission of the colleges, who benefits, and what other agencies would perform the function if colleges were to cease activity? Once these questions are answered, further inquiry can determine the reason and means for setting priorities along with the appropriate financing, governance, and management.

The above lists of purposes do exceed those explicitly set forth in the general Education Code charge:

> Public community colleges shall offer instruction through but beyond the second year of college. These institutions may grant the associate in arts and the associate in science degree. Their program may include but shall not be limited to: standard collegiate courses for transfer to other institutions; vocational and technical fields leading to employment; general or liberal arts courses; and community services.

While the term "continuing" or "adult" education is not specifically cited in this code section it has been defined in Division 9 of Title 5 of the Administrative Code under the authority of Education Code Sections 197, 5708, and 22650.

Since the Education Code was restrictive, rather than permissive, until last year, functions taken on by colleges that appear beyond the thrust of the 1960 Master Plan, Donahue Act, or other general sections such as that above, all have legal sanction in specific Code sections. An apparent problem is that all these legal authorizations taken together may define a scope for community colleges beyond that envisioned by policy makers.

The "core" set of responsibilities for community colleges remain what they were 70 years ago: academic and occupational education. The former (academic) is a program for students who wish to attend for two years (to an associate degree) or to transfer, without degree, to a four-year college. This program is met in a fashion which approximates what occurs in the first two years of a four-year program towards a bachelor's degree.

The other part of the "core" is the occupation/vocational program. It, too, can provide an associate degree at the end of two years of study and, like the academic program, requires work in "general education" as well as in the specialized field of a particular occupation.

More recently, occupational education has added "certificate programs." These programs supply the same vocational courses, with the same rigor, but do not require attendance in the "general education" subjects. Hence, rather than a degree, such courses offer a certificate.

When the junior colleges effectively became community colleges, a large new sector of courses were added. These were courses established not to meet academic criteria, but rather to meet "community interests." Academic criteria have historically been set by academicians; "community interests" were established by those outside the academic world, by residents near a college campus or center who wished to enroll in a course on a particular subject.

The subject might be informational: explicating current events; exploring the work in a series of travelogues; popularizing academic works and ideas; offering subjects not broadly accepted as of academic "weight," such as parapsychology or the occult.

The subject might be recreational: crafts, jogging, flycasting, executive golf, and the like.

The subject might be therapeudic: as in sensitivity training.

Most courses designed to meet community interests in this fashion have been offered without credit, outside discipline (with little or no professional recognition by the discipline), and do not fit into a program leading to a degree.

Community interest courses have come under criticism in recent years and many districts offer them on a self-supporting basis only. In some instances, such courses parallel offerings by recreational districts or museums of science and the arts or even libraries. In other cases, it is more difficult to locate another public institution which might offer such a course, as in practical politics, social organization, boardsmanship, auto- or kitchen utilitiesrepairs for consumers, law for the layman, and parental skills.

Another area of education conducted by community colleges might broadly be called "adult education" or, more formally, adult basic education (ABE).

ABE courses meet (a) needs of those to whom other educational levels have failed to transmit skills at a level sufficient for adult functioning and (b) the needs of those adults entering California from foreign countries. High school equivalency, even if rigidly maintained and graded, will not eliminate the need for ABE courses. Under existing admissions policies, students without high school degrees are able to attend college. In addition, non-English-speaking adults continue to enter the state.

ABE courses provide skills in reading, speaking, writing and computation. When offered in the community colleges, these courses also provide an environment in which a student may become aware of occupational opprotunities along with the obvious academic potential there is in learning ABE skills.

ABE courses are distringuished from the more traditional college remediation courses in that ABE completes a student's skills through grade school levels while college remediation programs develop skills to the college-entry level.

PRIORITIES

Priorities need to be more explicit, consistent, and hopefully, more lasting than has been the case historically. Priorities can be set in a number of ways :

1. pricing (market) or other fiscal mechanism
2. direct vote of community or constituents
3. survey techniques, such as needs assessment
4. representative vote by
   - State Legislature
   - State Executive Board
   - regional board
   - local board

5. decisions by
   - administrators
   - faculty
   - students

All these techniques are operative to one degree or another at any given time.

A pricing mechanism (i.e., user fees or tuition) causes purposes to be prioritized by the amount and, thus, value of educational services actually consumed. In the absence of such charges, individuals may not be inclined to reveal their true preferences regarding community college services. Other techniques such as needs assessment are, therefore, being pursued.

Priorities likely differ by governmental (or geographical) unit. Thus, federal, state, regional, and local priorities will differ and should be described accordingly. In addition, priorities will differ from one region and/or community to another. Such differences are an integral part of any solutions proposed for the areas of finance, governance, and management.

Several apparent state-level priorities are cited in legislation for community colleges during 1978-79. Noncredit instruction in

- elementary and secondary basic skills
- English for foreigners
- citizenship
- trade or industrial subject, including apprenticeship
- special course for handicapped adults

along with credit instruction is to be funded by state apportionment and, presumably, represents legislative priorities. All other noncredit instruction is to be supported by other-than-apportionment funds. In addition, the Legislature inserted "maintenance of effort" clauses for the following:

child development programs
extended opportunity programs and services
elementary and secondary basic skills in
mathematics, history, and government
and language arts
English as a second language
citizenship for immigrants
programs for substantially handicapped persons
programs for apprenticeship
short-term vocational programs with high employment
potential

DRAFT/September 1, 1978

APPENDIX A
WORKING DEFINITIONS OF CATEGORIES OF STUDENT NEED AND COLLEGE FUNCTIONS

STUDENT NEEDS:

1. PREPARATION FOR TRANSFER TO FOUR-YEAR INSTITUTION OF HIGHER EDUCATION.

Most students enter community colleges with a plan to, someday, earn a baccalaureate degree. A significant minority of the students do, in fact, matriculate. Courses preparing students for transfer parallel in content many lower division offerings at four-year institutions and are accepted for full credit toward the student's degree goals.

2. OCCUPATIONAL TRAINING FOR:

A. CAREER ENTRY

Students select community colleges as the most effective training ground for entry into a wide range of occupations, notably those identified as "paraprofessional." Paraprofessional occupations generally require manual as well as analytical skills, but typically do not require baccalaureate degrees for entry.

B. CAREER RE-ENTRY

An increasing number of students have been employed but have been displaced from the labor market for personal or family reasons or because of changing market conditions. For many such students the occupational training offered at community colleges is a ready vehicle for return to the employment market.

C. JOB UP-GRADING

Community colleges provide up-grading or inservice skill training in technical and paraprofessional occupations for appropriately qualified persons.

D. CAREER CHANGE

Community colleges provide readily available access to current information of a career guidance as well as of a technical skills nature to facilitate students' desires for career changes.

3. BASIC LANGUAGE, COMPUTATIONAL AND LEARNING SKILLS FOR:

A. HIGH SCHOOL PROFICIENCY

The preparation of students for nigh school graduation is by law the responsibility of the high school district of a student's residence. Under mutual agreement with the high school district, community colleges may provide that service for resident adults. These courses provide education in basic language, computational and learning skills to the level which the local high school district has determined to be the minimum necessary for high school graduation.

B. COLLEGE READINESS

Many students find, upon entering college, that their academic preparation is in some way deficient. These students are offered instruction in the development of skills essential to academic success in college.

4. CONSUMER AND HOMEMAKING SKILLS

The background of many community college students has not prepared them to make important value judgments as consumers in a complex and mobile society. Community colleges are expected to provide the opportunity to develop these skills.

5. CITIZENSHIP AND SKILLS FOR CIVIC AND PUBLIC PARTICIPATION

Public education has long accepted a major responsibility for the inculcation of the values of citizenship and the responsibility of citizens to undertake civic

activities and to participate in the establishing of public policy. Communities have come to expect community colleges to build upon that responsibility by providing a forum for the discussion of political issues and by providing training in the skills necessary to the operation of volunteer and civic agencies.

6. AVOCATIONAL SKILLS, LEISURE AND RECREATIONAL SKILLS

Students are aware that specific occupational training is, in itself, insufficient for enjoyment of life. These students expect the colleges to provide instruction in the wise use of leisure time, in the development of artistic and other avocational skills and in recreation, as it will enhance their lifestyles and assist them in ameliorating the effects of occupational stress.

7. CULTURAL APPRECIATION

Colleges offer "general education" and "liberal arts" courses to meet an expressed need for broad cultural awareness and understanding. Many citizens are concerned that their own educational backgrounds did not provide adequate experience in this regard and now seek such educational opportunities at community colleges.

8. PERSONAL, EDUCATIONAL AND CAREER DECISION-MAKING SKILLS.

Many students enter college seeking poorly defined educational or career goals. Colleges meet an important need of the students by providing counseling services and training in goal identification and personal decision making skills.

9. CAREER INFORMATION AND JOB PLACEMENT.

A sizeable minority of the students attend community colleges seeking occupational training, and, indeed, the success of occupational programs is reflected in placement records. Career guidance and job placement are services sought by the students in an effort to be self-supporting during their college years as well as

upon completion of their occupational training goals.

10. FINANCIAL ASSISTANCE

Even though community colleges are essentially "cost free" to students, many could not attend without financial assistance. Colleges address this need by providing access to sources of funds made available for this purpose.

COLLEGE FUNCTIONS:

1. LOWER DIVISION COURSES TRANSFERRABLE TO FOUR-YEAR COLLEGES, INCLUDING LIBERAL ARTS AND GENERAL EDUCATION.

The offering of courses appropriate to the first two years of college in an environment easily accessible to students of all economic means has been traditionally recognized as a function of California's public community college. This was enunciated in the Donahoe Higher Education Act and has continued to be a function legislatively ascribed to the community colleges. (E.C. 66701)

2. OCCUPATIONAL EDUCATION

Training for specific occupational goals is recognized as a function of community colleges insofar as the jobs for which training is offered have entry skills requiring education beyond high school level. Community colleges are charged with meeting educational needs of the communities they serve for "agricultural,... industrial and other vocations" at the "13th and 14th grade" level. (E.C. 78201)

3. BASIC SKILLS

Basic skills classes include courses leading toward high school completion offered under mutual agreement with the local high school district, and instruction designed to develop reading, writing and computational skills to enhance success in other college classes.

4. CONSUMER EDUCATION

In authorizing the establishment of community colleges, the legislature recognized the need for "homemaking" education (E.C. 78201). Recently, technological advances in society have broadened the original "homemaking" concept to include education for reasoned consumerism.

5. CITIZENSHIP

Public education in the United States was founded in the belief that an informed electorate was essential to the effective functioning of a representative democracy. Citizenship education teaches that our form of government depends upon responsible participation of its citizens.

6. COMMUNITY INTEREST EDUCATION

An essential function of a community-based college is to provide educational services unique to the interests of its community. These services include forums for the review and discussion of local political issues as well as instruction in subjects of local interest, even though such instruction is outside a recognized academic degree program.

7. INSTRUCTIONAL SUPPORT SERVICES

A modern collegiate educational program depends upon a great amount of effort and financial investment beyond that of classroom instruction. These support services include, but are not limited to, the library, television, computers, newspapers and duplication of instructional materials and tests.

8. STUDENT SUPPORT SERVICES

Some otherwise well-qualified students depend upon financial assistance to remain in college. Nearly all students require guidance and assistance in identifying

academic and career goals and the most appropriate means of achieving those goals. To effectively address its academic role, a college must provide access to these and other services supporting students continued participation in college.

9. PUBLIC AND COMMUNITY SERVICES AND/OR ENTERTAINMENT

Many community colleges provide the only local facilities for entertainment and cultural events. All community colleges need vehicles for the expression of educational efforts in drama, music and athletics. These events constitute entertainment for the community, while being instructional for students.

FINANCE PROJECT
WORKING PAPER ON
COMMUNITY COLLEGE FINANCE

SUPPORT SOURCES

Seven alternative "support source" models are offered for discussion. Each m odel is composed of a differing mix of the usual institutional income sources:

Public tax funds
- federal
- state
- local

Private funds
- tuition
- fees
- contributions

Other
- sales
- rentals
- interest, etc.

used to support current operations and capital outlay.

The public tax funds and some private funds are the most likely source of support in the future. Contributions, foundation grants, etc. cannot be counted on as a steady source of income. These sources should be considered as funds to supplement base funding.

The models are displayed in Table 1 along with financing conditions "pre- and post-13." Two models (A and B) call for less state and more local funding than at present. Two others (C and D) call for about the same state funding before Proposition 13 but less than at present. The remaining three models (E, F, and G) call for increases in state aid over that presently allocated.

Table 1

SUPPORT SOURCE MODELS

(Percent of Total Revenue)

	A	B	Pre 13	C	D	Post 13	E	F	G
Federal Taxes	33	0	6	0	6	6	6	6	0
State Taxes	33	40	42	49	49	67	80	90	100
Local Taxes	24	40		a			0	0	0
Property			48		21	21			
Other									
Student Charges	10	20		a	20			0	0
Tuition						1			
Fees			1			1	10		
Other	0	0	3	0	4	4	4	4	0

[a] Student charges and local taxes combine (at local option) to account for 51% of total revenues.

Four of the models call for student tuition or fees. Another calls for a significant increase in fees.[1] In general, state aid and student charges are "traded-off" in the models as constructed: the greater state aid, the lower student tuition.

Student charges can be assessed to all for general operations, just for specific services, or to specific individuals. Charges can be mandated throughout the state or be permissive at local option. Charges could be levied, then refunded upon completion of specified block of college work. Various student financial aid packages add variation to the charges for specific individuals.

Models A and B propose less-than-pre-13 levels of state fiscal support. Model A assumes a slight increase in local property tax revenues and calls for a dramatic change in federal revenue sharing policies along with student tuition. Tuition constituting ten percent of revenue equates to nearly $140 million (approximately $200 per ADA without regard to the decline in ADA that would ensue or the needed student financial aid offset), a level similar to that charged at CSUC. Model B calls for new local taxes or a greater proportion of property taxes and a "significant" tuition, averaging about $400 per ADA: midway between charges at UC and CSUC. Use of federal aid and other income are local options under B.

Models C and D both call for just under 50% state support. Model C, however, leaves to local option the remaining split between local taxes as opposed to tuition and fees as revenue sources. Either student charges would need to exceed 20% (of revenue) or new or expanded local taxes would be required. Federal and other sources would be supplementary. Model D, by contrast, includes federal and other sources along with local property taxes projected at existing levels. Tuition and fees would comprise 20% of revenue, but be set at levels below UC and CSUC.

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[1] The distinction between tuition and fees is that traditionally used for higher education and defined by Webster, where tuition is "the price of or payment for instruction." Thus, California Community Colleges were truly tuition-free for California residents prior to Proposition 13, though state law provided for some seventeen student fees. Fees charged for non-credit instruction this year would be considered tuition. Charges for job placement would be considered fees.

Models E, F, and G, proposing a greater share of state support, all assume there will be no local tax support. Model E proposes increased reliance on student fees. Model F eliminates student fees and, under G, the state supports all costs with federal and other revenues to be used at district discretion.

Variations on these basic models can easily be constructed. Selection of a preferred model can be based upon the expected availability and predictability of revenue sources along with one's notion of who ought to pay for community college education.

Related to each of these seven models are two additional dimensions: budget constraints and the control of funds.

It is likely that the Legislature and executive branches of state government will impose some sort of constraint on the maximum liability of the state for community college expenditures. Three types of constraints would: (a) limit the total dollars, (b) limit the expenditures per unit of activity, or (c) limit the total amount of activity (ADA?) for which the state is responsible. Some limit on total dollars (a) provides the state with stability in fiscal planning. Alternatively, the state may exercise control by funding only those programs/courses which are deemed to be in the state's interest (constraint type C).

The amount and type of control on funds to be imposed may be viewed on a continuum, total state control being at one end with total local control on the other end. In the former case, all uses of funds likely would be controlled by state statute or regulation. In the latter case, there would be no specific state controls on fund use. An intermediate case is where there is statutory control on funds provided by the state and no controls on funds from other sources.

The proportion of college funds provided by the state does not necessarily dictate the character or location of funding controls. Controls typically are related to the form of funding: categorical or general. Categorical funding generally involves

Detailed budget review and/or pre-audits of expenditures. General funding usually has involved post-audits for legal compliance and, occasionally, evaluation of results from the use of such funds.

Alternative funding sources for capital outlay need specific attention. Reduced funding from the Capital Outlay Fund for Public Higher Education, the failure of many bond elections, and the elimination of the permissive tax override for capital construction have heightened a long-growing problem of insufficient funding for community college capital outlay projects.

SUPPORT TECHNIQUES

This discussion of support techniques is organized into eight major areas: (a) the locus of budget decisions, (b) workload measures, (c) phasing and year-to-year change, (d) funding amounts - limits and controls, (e) incentives, (f) institutional versus student aid, and (g) cost differences.

Locus of Decisions

The location of budget decisions may be viewed on a continuum in which, at one extreme,

(a) colleges control both the total and allocation of their resources and revenue is obtained in a general, rather than categorical, way at the college's disposal. This may include a concept of fund distribution similar to federal revenue sharing.

At the other extreme of the budget continuum

(b) the state controls both the total and internal allocation of resources within colleges. Categorical aid items for specific purposes approaches 100% of revenue and general aid approaches zero. This is often termed a "state-level budget review" model and is roughly analogous to the process by which CSUC is funded.

Intermediate or "mixed" models

(c) combine general and categorical aid in various ways together with state, regional, and local decisions about the amount and allocation of college resources.

Less than 5% of community college operating support is now categorical (such as EOPS, VEA, handicapped, and child development allocations), while about half of college capital outlays undergo categorical review at the state level.

Categorical aids have posed management and budgeting problems in the past because they (a) have required extensive reporting and evaluation committments and (b) lack year-to-year stability. These problems need solution if categorical funding techniques are continued or expanded. Careful consideration should be given also to the question of whether categorical funds are to be mandated or optional.

Workload Measures

The basic currency of community colleges is average daily attendance (ADA), derived from classroom contact hours. In order to receive state funds a college must translate all activity into the equivalent ADA. Various translation schemes have operated in the past converting regular term, short-term, positive attendance and census week class activity into the equivalent ADA. Regardless of the translation, however, the entire system operates on this one measure of activity.

Many essential college "supporting" activities result in substantial costs, but generate no ADA and, consequently, generate no state aid. Such activities include recruitment, admissions, record-keeping, counseling and guidance, job placement, library services and learning resource centers.

Other "instructional" activities such as proficiency exams and credit by examination or for prior experience are potentially valuable for the community college clientele, but currently generate no funding for colleges.

Rather than continuing to measure all fundable activity with a single parameter such as ADA, community college work load could be measured and funded with several parameters.

Any of the seven funding source models could be driven with a simple or complex function composed of one or more of the following workload measures:

(a) students enrolled
(b) full-time equivalents
(c) units of credit earned
(d) units of credit attempted
(e) hours of counseling
(f) job placement contacts
(g) students transferred

An alternative measure for actual workload is potential or "desired" workload. The latter could be measured in terms of community need as related to the objectives of the community college. Demographic characteristics of the local population, regional labor market needs, and individual preferences as determined by needs assessments are but a few of the possible measures of potential workload.

Many colleges allow use of their facilities by non-student members of their community. Most of this use involves either the library or athletic facilities and is often unsupervised and unstructured. In providing this service colleges incur some costs such as security, maintenance, insurance and lighting. At present these costs are generally covered by other activities which generate revenue. Alternatives to this approach should be considered and might include limited funding derived from user fees, population-related state aid, contract funds from local parks and recreation departments, and local special taxes, possibly without regard to any measure of activity rendered.

For models combining several workload measures careful consideration should be given to the trade-off between a thorough description of the activities and the administrative problems associated with extensive and complex data collection. Continuing to measure all activity with a single parameter, however, is not suggested. Community college activities, as varied as they have become, would be better described with several parameters each measuring a different facet of the products being provided.

Phasing and Year-to-Year Change

Any change to the fiscal structure of the California Community Colleges will need to be phased to lessen its impact on the colleges and allow the colleges an opportunity for planning. Otherwise, counter-productive disruptions to the districts and colleges would likely occur.

Any discussion of phasing must take into account both long-term and short-term changes. The fiscal mechanisms of the past have not been particularly adaptable to changing societal conditions so that it is necessary that the finance study take this under consideration.

For the short-term, year-to-year changes, any fiscal mechanisms should be flexible enough to allow for educational experimentation and innovation as well as soften the impact of any loss of students. This allows districts and colleges to plan with some assurance that new programs created to meet a specific need can be phased out or restructured as necessary. Too often, community colleges have geared up to meet a state mandate or a local crisis and then been left on their own with substantial over-commitment of resources when the need suddenly disappears.

For the long-term, fiscal solutions should be sufficiently flexible as to adapt to unknown and changing conditions. Solutions to the present problems will have to be phased-in as the state and community colleges are better able to define their objectives along with determining the amount and source of funds available.

While there is a need for long-term solutions - say ten to fifteen years - the finance proposal should be flexible enough to adapt to year-to-year changes and over a longer period of time. Perhaps a two-year solution should be implemented to meet the immediate fiscal crisis. This would be followed by a four- to five-year program designed to fund any shift in priorities or clientele. The long-range, relatively permanent, solution would then be introduced with an expected life span of at least a decade.

Funding Amounts - Limits and Controls

Alternative methods for setting limits and controls on the amount the state allocates to the community colleges need to be examined. Of equal concern, however, is the need of the community colleges to be guaranteed a relatively stable funding over a period of years so that necessary educational planning can occur.

Various methods of control have been employed in the past, including:

(a) state subsidized basic or "foundation" program supplemented by local tax and federal revenue sources;

(b) "revenue limit" comprised of state and local tax sources derived from prior college experience but adjusted over time toward norm:

(c) control over local property tax rates together with an independently derived amount of state aid; and

(d) the "block grant" used during 1978-79, composed of a college's prior year state and local property tax revenues adjusted for inflation.

Any amount allocated by the state to the colleges should be predicated on those educational objectives the state wishes to support. The key is that the educational objectives, rather than the fiscal objectives, should determine the base amount. Once this base funding amount has been determined, control mechanisms can be developed.

One approach is to determine which method of control will guarantee the necessary security and flexibility for the community colleges and, yet allow the state to control total allocations.

Major concerns include the following:

1. Whether the state will allocate a fixed total (as it did this year) or a variable total derived from a series of workload measures.
2. The extent to which colleges' ability to secure and utilize resources is constrained by such policies as the 50% law, required ratios of administrators to faculty or faculty to students, categorical aid limitations, standard salary schedules and the like.
3. The degree to which colleges may go beyond or supplement the financing within any particular plan, either from their own funds or other sources.

Incentives

Under the current fiscal structure, the state offers little in the way of incentives for high cost programs and the development of innovative instructional methods. For example, the Flexible Calendar Pilot Project was to be conducted on a no gain/no loss basis. The apportionment system allocates money based on a measure of student contact hours rather than through some incentive structure.

However, there are a few incentive programs - EOPS, Handicapped, VEA - which should be examined as to their impact, effectiveness, method of fund disbursement and accountability features. These programs are funded categorically. This is only one possible way if disbursing funds. Other methods need to be studied.

Incentives should be examined in at least the following three areas:

(a) fiscal
(b) program/course, and
(c) accountability

The state does not provide any incentives to the districts for operating in a cost-effective manner. This might be done for the operation of an entire district or for a particular program. Certainly the state should encourage the sharing of those cost-effective procedures which exist in the various districts with other districts.

The state has provided additional funds to small districts in the past on the theory that they face proportionately higher costs due to their small size. It has been felt that many of those districts are providing valuable educational services which would otherwise not be met. Further study on the relationship of size and benefits as well as cost is necessary.

The project needs to determine if it is possible to provide incentives for needed programs and/or courses. The incentive structure could be based on some sort of need or performance-base measures. Little work has been done in this area.

Funding for the community colleges has never been based on performance criteria. It might be advantageous to provide fiscal incentives to the community colleges based on some kind of performance criteria - job placement, transfer to four-year institutions, etc. Rigorous measures would have to be adopted to ensure that some minimum standards were maintained.

An incentive program could be above and beyond what is required to operate the community colleges. In this way, the state could provide general funds slightly higher or lower than program or course costs if the state wanted to positively or negatively influence the existence of a program or course. The impact of fiscal disincentives must be carefully considered, however. This is not an appropriate arena for punitive measures.

Institutional Versus Student Aid

At the community college level, the state provides almost all of its funding directly to the colleges while the federal government provides most of its aid directly to the student.

It has been proposed for discussion that the state might also adopt some form of the voucher system. Under this system the state would provide funding to students who would be free to select the college they wanted to attend.

There are a number of ways such a voucher system might be designed. Among them are:

1. Complete integration of all higher education within the system. Thus, a student would be free to attend any two- or four-year public or private institution for which the student met admission requirements.

2. A subset of the above option wherein the student could attend any community college in the state.

3. A system wherein the state would fund a certain number of units beyond which the student would be responsible for the costs.

Cost Differences

Within the diverse community college system many factors influence the amount a particular college must spend per student in order to serve the needs of its community. Differences in college size, geographic location, the demographics of the community, programs offered by the college and the methods of instruction result in differences in the expenditure per ADA. In 1976-77, the average expenditure ranged from $1,200 to $4,900.

The statewide average was $1,565 per ADA. Variation was not quite as dramatic as this range would indicate, however. Fifty-five of the 70 districts fell between $1,300 and $1,900 per student:

below		1,400	17 districts
1,400	-	1,800	36 districts
		1,565	statewide average
above		1,800	17 districts

The major cause of variation in district expenditures per student is (1) property wealth differences, followed by differences in:

(2) college(s) size
(3) staff salaries
(4) relative use of laboratory, as opposed to lecture method
(5) subject area emphasis
(6) district tax rate

Small districts are characterized by higher average costs per student. These average costs decrease as college size increases (economies of scale) up to about 3,000 ADA. Beyond this, average costs per student appear relatively stable. Theoretically, average costs are thought to increase (diseconomies of scale) after operations get extremely large.

The average salary paid regular contract faculty statewide is now an estimated $22,000 per year, varying considerably from one district to another. Salaries paid to part-time faculty typically are just under one-half the average amount paid to full-timers, though it is difficult to determine a common work unit for comparison. Wealthy districts pay higher salaries than do poor districts.

Large, older districts pay higher average salaries than do small, younger districts.

Besides the average salary paid, the ratio of faculty to students is important in determining the impact of staff salaries on district costs. This ratio depends on:

(1) amount of course work taken by each student
(2) faculty teaching load
(3) average class size.

Factors (1) and (2) show little variation from one district to another. The third factor, average class size, depends primarily on college size and secondarily on college course-sectioning policies and to the breadth of curriculum.

Colleges emphasizing laboratory instruction, as opposed to lecture, will be more costly due to higher costs of equipment and materials along with the lower (more expensive) laboratory class size. College lab classes typically have one-fourth fewer students than do lectures.

Much of the variation in expenditure per ADA among districts is a function of historical decisions. Consequently, the effect of the factors listed above and the historical decisions need to be separated.

Prior to this year, a small district formula and demographic factor adjusted state aid per ADA to districts in an attempt to partially correct for size and demographic differences. State aid per ADA also was adjusted for local wealth differences in an attempt to equalize total revenue per ADA among districts. As the proportion of the budget funded by local taxes decreases, equalization for local wealth becomes less important. Support source models, E, F and G, for instance, would require no equalization for local wealth.

Past funding mechanisms provided the same amount of revenue per ADA regardless of the cost of the program generating that ADA. Consequently, low cost programs subsidized more expensive offerings. A college wishing to provide a full program in an expensive area must have generated sufficient ADA in a less expensive area to cover the cost. This problem was especially acute for small single-campus districts.

Attempting to correct the problem by providing differential funding by program presents many difficulties. While it may be possible to determine the cost differences among programs, much of the difference may be a function of how long the program has been offered or the predominant instructional technique used. New programs with new faculty cost less than older established programs simply because of the difference in salary costs. Other factors being equal, the same program in a new college will cost less than in an old college. Likewise, a program which relies heavily on labs and shops will cost more than the same program which relies primarily on lecture sessions. Attempting to adjust funding rates for college size, geographic location, demographics, methods of instruction and, at the same time, program mix corrected for the age of the program may be too complicated.

Major tasks of the analytic phase of the finance project, therefore, should be to (a) separate the effect of historical funding decisions from other factors affecting cost differences and (b) establish a funding technique incorporating a variety of workload measures and cost differentials which is detailed enough to describe the variability in the system and yet is administratively manageable. Additionally, the system must be flexible enough that colleges can respond quickly to changes in local interests without causing major disruptions to their financial situation.

PRELIMINARY DRAFT
September 1, 1978

FINANCE PROJECT
WORKING PAPER ON
COMMUNITY COLLEGE GOVERNANCE

BACKGROUND

In 1907, legislation was passed establishing public junior colleges. These colleges were to provide for the instruction of "post-graduate" coursework by high schools. Acting within the scope of this legislation, the Fresno Board of Education established the first two-year post-graduate course in 1910. By 1917, post-graduate courses were being offered by sixteen high schools. During that year, legislation was enacted authorizing state apportionment for junior college programs if the school had secured program approval from the Department of Education.

Formation of three types of separately-organized junior college districts was authorized by legislation in 1921:

1. A junior college district co-terminus with a high school district.
2. A junior college district embracing two or more contiguous high school districts.
3. A county junior college district embracing all the territory of the county not included in any other type of junior college district.

Thus, a two-tiered junior college system was created by (1) using existing high schools to offer "post-graduate" course work, and (2) providing for the formation of separate junior college districts. The 1921 law also allowed the governing board of a junior college district or a high school junior college department to contract with state colleges to provide junior college instruction. Two additional types of junior college districts were added legislatively in 1927:

1. A joint junior college district embracing two or more contiguous counties.
2. A joint county junior college district comprising all the territory in two or more contiguous counties not included in any other junior college district.

The early 1930's saw rapid growth in junior college programs. During the first seven years of the decade, the number of junior colleges and students doubled. By 1936, student enrollment had increased to 52,000 at 42 institutions. By 1942, junior college enrollment totaled over 163,000 students, an increase of over 300 percent in six years. During the period of 1946 to 1950, 11 new junior colleges were established despite generally stable or declining enrollment. At least in part, this expansion was a response to the tremendous enrollment increases prior to and during World War II.

In 1955, a legislative study recommended that junior colleges, in conjunction with the Department of Education, establish criteria for approving courses, curriculum and minimum standards for the retention of students. The study also recommended that the Department of Education establish a Bureau of Junior College Education which was instituted in 1957.

The California Master Plan for Higher Education was enacted in 1960 and included these provisions: (1) the differentiation of functions among public segments of higher education; (2) the formation of the Coordinating Council for Higher Education and (3) the establishment of eligibility pools of students for each segment. The Legislature further mandated that future junior college district formation occur apart from secondary, joint, or unified districts. At this time, 340,000 students were enrolled in junior colleges. In the following five years, student enrollment increased by over 200,000 students.

The State Board of Education was charged with the state-level governance of California Community (junior) Colleges until legislation provided for a 15-member Board of Governors to assume governance on July 1, 1968. The 15 members are appointed by the Governor for four-year terms with consent of the Senate. The law also provides for the Board to appoint a Chancellor to serve at its pleasure.

This act clearly established community colleges as the third member in California tripartite system of public higher education. The intent of this legislation was to coordinate community college operations without fundamentally damaging local autonomy.

The Education Code charges the Board of Governors of the California Community Colleges with general responsibility for "leadership and direction in the continuing development of community colleges ... maintaining and continuing, to the maximum degree permissible, local autonomy and control in the administration of community colleges."

Education Code provisions also require that the Board

> "...shall review and approve academic master plans and master plans for facilities for each community college district."
>
> "...prescribe minimum standards for the formation and operation of public community colleges and exercise general supervision over public community colleges."

Further, it is legislative intent that the Board:

> "shall coordinate and encourage interdistrict, regional, and statewide development of public community college programs and facilities."

There are presently 70 community college districts which maintain 106 colleges. Sixty-nine of the 70 districts have either a five or seven person board of trustees, who are elected for four-year terms. The seventieth district, Redwoods, has a nine-member board of trustees. There is authorization in law for the Peralta Community College District to elect up to 15 persons as trustees. The largest district, Los Angeles, maintains nine colleges and enrolls approximately eleven percent of the statewide total of 715,000 ADA. The smallest district, Palo Verde, enrolls approximately 350 ADA in one college. There have been similar variations in assessed wealth per student and in general purpose tax rates.

Territory in all but eight California counties lies within the boundaries of the seventy districts. As noted, these districts vary in most every respect: population, number of colleges and centers, number and character of students, etc. Existing district boundaries developed over many years as the result of numerous local decisions and elections and, occasionally, state direction. Boundaries do not always appear to coincide with the natural service areas of campuses and outreach centers. This may affect the ability of community colleges to provide access effectively to all individuals throughout California.

Variation from district to district and college to college is a reflection of local autonomy and the ability of colleges to respond to differing community needs. There is concern, however, that variation in certain factors also may reflect unequal resource and service capabilities. Among such factors are:

- District size and consequent influence
- Assessed wealth per student
- Planning for college and center locations
- Employment standards
- Personnel salaries and wages
- Student and staff mobility
- Grading policies
- Academic standards
- Working conditions
  - collective bargaining
  - tenure
- Use and process of credentials
- Student fees which are charged
- Cost effectiveness and accountability
- Student participation - rights
- Competition with other education suppliers

There are at least eleven groups of organizations or agencies in California which provide education and training comparable to that of community colleges:

- High school adult schools
- Regional Occupational Centers/Programs (ROC/P)
- Comprehensive Employment and Training Act (CETA) prime sponsors
- University of California
- California State University and Colleges
- Private, non-profit collegiate postsecondary institutions
- Proprietary postsecondary institutions
- Business and industry
- Military
- Penal institutions
- Public museums, libraries, and recreational centers

Each community college district participates in a Regional Adult and Vocational Education Council (RAVEC) whose boundaries are coterminous with the district. The Council is charged with the responsibility of eliminating unnecessary duplication of ungraded vocational education courses and programs among community colleges, ROC/Ps, adult schools, secondary schools, private postsecondary institutions and CETA prime sponsors. Through regular meetings, and cooperative efforts, many areas of duplication have been eliminated. (Funding for RAVEC's was cut from this year's budget. The impact of this is yet to be determined.)

Many community colleges have joined into a consortium with neighboring colleges to provide coordinated planning on a regional basis. Participation by the colleges is voluntary.

Coordination with other suppliers of education varies from district to district. Some districts encourage cooperative efforts with all sources. Others tend to restrict their efforts to "on campus" education with less community involvement. The issues involved here are addressed to a limited degree in the options described below.

POLICY ALTERNATIVES

Three alternative paradigms, in addition to the status quo, are discussed. In these paradigms, decisionmaking shifts toward either

(1) local
(2) regional, or
(3) state

levels. Figure 1 depicts the relative spheres of influence or major shifts in the dominant areas of decisionmaking.

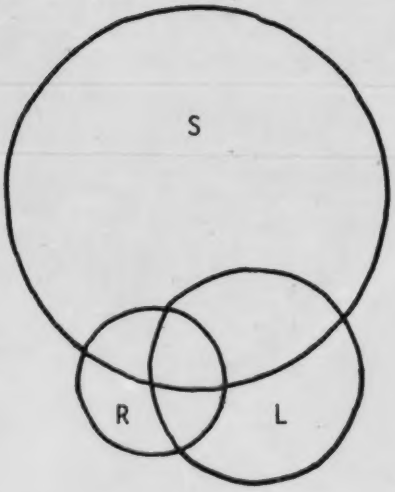
For each alternative, including the status quo, proposed powers and duties for local, regional, and state decisionmakers are described within the following areas:

(1) influence
(2) budgeting and allocation of funds
(3) program and course approval
(4) planning

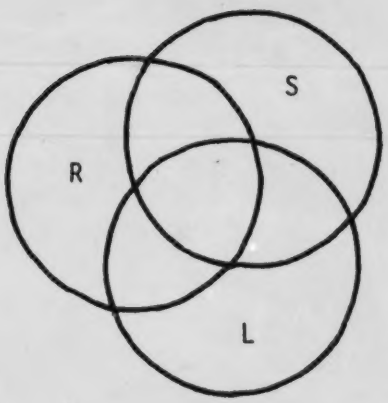
Figure 1

RELATIVE SPHERES OF ORGANIZATIONAL INFLUENCE
IN POLICY ALTERNATIVES

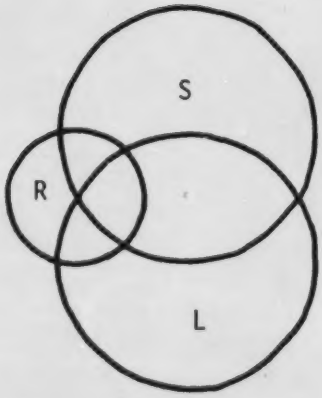
"state"



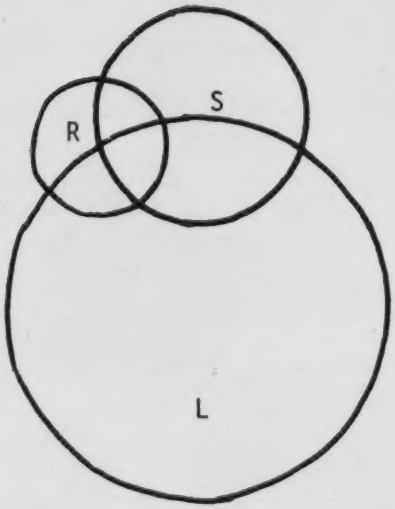
"regional"



"status quo"



"local"



(5) personnel
(6) admissions
(7) new centers and facilities
(8) academic standards

There are many combinations of alternative policy shifts possible. For example, decisions about planning might shift toward the state while, at the same time, decisions about personnel shift more locally.

Boards and councils may be constituted in any one of several ways:

(a) election
(b) appointment by higher authority or as representative of lower authority

Within the state and local alternatives or options there could be a local board for each college, in addition to a state-level board. In the regional option, state and local boards are supplemented by regional councils.

The scope of "regions" could be determined in any one of several ways. Existing districts, labor market areas, such as Standard Metroploitan Statistical Areas (SMSA's) and Comprehensive Employment and Training Act (CETA) prime sponsoring areas, or health, transportation, or financial planning areas are all possible criteria. Regions should represent a broad "community of interests" and the relative influence of each throughout the state would be as equal as possible.

Related federal and student interests also should be assessed for each of the alternatives.

Policy alternatives are presented in the following order:

Status Quo (with current Education Code delineation of functions)
Option 1: increased local responsibility
Option 2: increased regional responsibility
Option 3: increased state responsibility

CURRENT GOVERNANCE STRUCTURE
(STATUS QUO)

Area of Responsibility	Local Board Responsibility	State Responsibility
Influence and Advocacy:	- Conduct lobbying activities (optional - Determine the staff, community, student, and employee needs - Maintain liaison with federal representatives (optional)	- Consult with local representatives on meeting statewide needs - Maintain liaison with federal representatives - Represent community colleges in legislative advocacy
Budgeting & Allocation of Funds:	- Develop budget and allocate state/federal funds within policies of State Board of Governors and federal law - Develop budget and allocate local tax levy funds - Prepare and submit state and federal reports - Determine amount of appropriate fees to be collected	- Develop regulations for use of state and federal funds - Allocate state and federal funds to districts - Audit fiscal activity to assurance compliance - Compile district reports and submit to federal government - Determine use of capital outlay funds
Program/Course Approval:	- Develop courses and programs based on local district needs for state approval - Conduct and report program evaluation - Determine method of instruction, number of credits and curriculum materials - Conduct articulation as determined locally to be appropriate	- Develop regulations for course and program approval - Approve new programs - Conduct research projects to improve instruction - Conduct statewide evaluation of vocational education programs
Planning:	- Prepare district master plan for educational programs, services, facilities and personnel based on district needs.	- Prepare statewide master plan for community colleges - Develop and maintain statewide data reporting systems.

STATUS QUO (continued)

Area of Responsibility	Local Board Responsibility	State Responsibility
Personnel:	- Recuit, select and evaluation staff - Conduct affirmative action programs - Conduct collective bargaining with district staff	- Maintain credential process - Establish affirmative action policies - Monitor local personnel policies in compliance with state and federal law
Admissions:	- Determine interdistrict admission policies and procedures except for state residency requirements - Determine transfer credit policy	- Determine state residency requirements
New Campuses, Centers, Equipment and Physical Resources:	- Develop proposals for state approval of new facilities construction - Determine utilization of facilities in terms of location, design, scheduling and maintenance	- Approve construction of new campuses and facilities
Academic Standards:	- Determine and implement grading standards - Assign instructors	- Monitor program quality

CURRENT

EDUCATION CODE

DELINEATION OF FUNCTIONS

STATE BOARD OF GOVERNORS

71063.
The board of governors shall exercise general supervision over the formation of new community college districts and the reorganization of existing community college districts, including the approval or disapproval of plans therefor, and shall provide advisory service in connection with such formations or reorganizations. The board of governors shall encourage county committees on school district organization to include all territory of the state within public community college districts.

71064.
The board of governors shall coordinate and encourage interdistrict, regional, and statewide development of public community college programs and facilities.

71065.
The board of governors shall approve the offering of out-of-district classes by public community college districts.

71066.
The board of governors shall establish minimum standards for graded and nongraded classes in community colleges.

71067.
The board of governors shall establish criteria and standards for graded and nongraded classes in community colleges.

71068.
The board of governors shall establish minimum standards for the employment of academic and administrative staff in community colleges.

71069.
The board of governors shall conduct necessary statewide research on community colleges and shall provide appropriate information services, including, but not limited to, definitions for the purpose of uniform reporting, collection, compilation and analysis of data for effective planning and coordination, and dissemination of information.

71070.
The board of governors shall facilitate articulation with other segments of higher education and with secondary education.

71071.
The board of governors shall represent the community colleges before state and national legislative and executive agencies.

71072.
The board of governers shall administer state support programs, both operational and capital outlay, and those federally supported programs for which the board of governors has responsibility pursuant to state or federal law.

71073.
The board of governors shall establish a uniform system of budgeting and accounting for districts.

71074.
The board of governors shall establish out-of-state tuition fees and advise district governing boards on procedures governing the admission of out-of-state students and foreign students.

71075.
The board of governors shall establish procedures governing interdistrict attendance agreements and restrictions on attendance between districts.

71076.
The board of governors shall establish space and utilization standards for facility planning in order to determine eligibility for state funds for construction purposes.

71077.
The board of governors shall establish recommended procedures regarding campus site selection.

71078.
The board of governors shall plan for, and advise on, financial assistance and scholarship programs for community college students.

71079.
The board of governors shall establish minimum procedures to be used by district governing boards to insure to faculty and students the opportunity to express their opinions at the campus level and to insure that these opinions are given every reasonable consideration.

LOCAL DISTRICT BOARD OF TRUSTEES

72283.
The district governing board shall:
(a) Establish policies for, and approve, the total educational program of the community college or colleges in the district.
(b) Approve all classes for adults and shall submit such classes as are eligible for state apportionments to the board of governors for approval.
(c) Approve and provide such classes, programs and facilities under the provisions of the Community Service Act, the Civic Center Act, and the Recreation Act as deemed appropriate.
(d) Establish policies for, and approve, all other programs and services of the community college except as provided in Section 78200.
(e) Establish policies for, and approve, procedures for the adoption of instructional materials.

72284.
The district governing board shall determine which holidays it will observe and on what days it will observe them within the framework of providing the necessary number of days of instruction to qualify for state apportionments.

72285.
The district governing board shall establish academic standards, probation and dismissal and readmission policies, and graduation requirements not inconsistent with the minimum standards adopted by the board of governors.

72286.
The district governing board shall determine and control the district's operational and capital outlay budgets and shall present the budgets to county authorities for the purposes of establishing the district tax rates. The district governing board shall determine the need for elections for o rride tax levies and bond measures and to request that such elections are called.

72287.
The district governing board shall manage and control district property. The district governing board may contract for the procurement of such good services as authorized by law.

72288.
The district governing board may receive and administer gifts, grants, and scholarships.

72289.
The district governing board may establish such student fees as it is authorized to establish by law.

72290.
The district governing board shall employ and assign all personnel not inconsistent with the minimum standards adopted by the board of governors. The district governing board shall establish employment practices, salaries, and benefits for all employees not inconsistent with the laws of this state.

72291.
The district governing board shall provide such auxiliary services as deemed necessary to achieve the purposes of the community college.

72292.
The district governing board shall establish rules nd regulations governing student conduct. The district governing board shall establish procedures not inconsistent with those established by the board of governors to insure faculty and students the opportunity to express their opinions at the campus level.

72293.
The district governing board is authorized to apply directly to federal agencies or state agencies operating federal programs in order to obtain federal funds in accordance with general policies established by the board of governors.

OPTION 1: TO INCREASE THE RESPONSIBILITY OF LOCAL DISTRICTS AND CONSEQUENTLY REDUCE THE STATE RESPONSIBILITY FOR GOVERNANCE OF THE COMMUNITY COLLEGE SYSTEM.

Area of Responsibility	Local Board Responsibility	State Responsibility
Influence and Advocacy:	- Conduct lobbying activities - Determine the staff, community, student and employer needs - Maintain liaison with federal representatives	- Consult with local representatives on meeting staff, community, student and employer needs - Provide support for local lobbying activities - Maintain liaison with federal representatives
Budgeting & Allocation of Funds:	- Develop budget and allocate funds within policies of the Board of Governors and federal law - Control levy of local taxes, acceptance of gifts, contracts and grants	- Establish general policy for allocation and budgeting of funds - Allocate block grants to local districts
	- Develop fiscal master plan for district - Prepare and submit state and federal reports - Determine student fees/ tuition as appropriate under existing law	- Audit fiscal activity to assure compliance with state and federal law
Program/Course Approval:	- Approve courses and programs based on local district needs - Conduct and report program evaluation - Determine method of instruction, number of credits and curriculum materials - Conduct vertical and horizontal articulation with other suppliers	- Develop guidelines for course and program approval - Conduct research projects to improve instruction - Assist in developing program evaluation systems
Planning:	- Prepare college master plan for educational programs, services, facilities and personnel based on local needs	- Prepare statewide master plan for community colleges - Develop and maintain statewide data reporting systems

OPTION 1: (continued)

Area of Responsibility	Local Board Responsibility	State Responsibility
Planning:	- Determine college calendar - Evaluate implentation of master plan	
Personnel:	- Recruit, select and evaluate staff - Establish tenure and affirmative action policies - Conduct collective bargaining with local staff	- Monitor local personnel policies for compliance with state and federal law - Maintain credential process
Admissions:	- Determine admission policies and procedures except for state residency requirements - Determine transfer credit policy	- Determine state residency requirements
New Campuses, Centers, Equipment and Physical Resources:	- Develop centers and facilities based on local needs - Determine utilization of facilities in terms of location, design, scheduling and maintenance	- Develop criteria for construction of new campuses and facilities
Academic Standards:	- Determine and implement grading standards - Assign instructors	- Monitor qualifications of instructors

OPTION 2: INCREASE REGIONAL GOVERNANCE RESPONSIBILITY AND DECREASE STATE/LOCAL RESPONSIBILITY

Responsibility Area	Local Boards	Regional Councils	State Board
Influence:	- Determine staff, community, student and employer needs - Work with city and county officials on educational matters - Support Regional & state activities with state & federal elected representatives	- Determine regional political, economic and general educational needs - Develop and maintain lobbying activities with all elected officials - Support state lobbying activities - Appoint local board members	- Determine regional council needs and state-wide educational needs - Develop state-level lobbying - Appoint professional members of Regional Councils - Supervise election of Regional Council
Budgeting & Allocation of Funds	- Develop own budget within guidelines established by Regional Council & State - Determine amount of and use of funds - Control use of local taxes, acceptance of gifts, contract and grants subject to regional guidelines Determine student fees as appropriate to existing law	- Establish regional guidelines with maximum flexibility in range of expenditures and allocation formulas, Monitor, as appropriate, guidelines - Prepare Fiscal Master Plan for Region - Review and transmit all Federal and State funds - Prepare most State & Federal reports from regional data base	- Audit fiscal activities of regional councils and local Boards - Advocate on fiscal matters for regions with Federal Agencies, legislature and Department of Finance
Program/Course Approval	- Develop programs & courses based on local or regional needs - Maintain on-going program evaluation - Determine methods of instruction, textbooks to be used and number of credits to awarded per course Conduct vertical articulation	- Approve programs and courses for local boards based on state criteria Monitor/evaluation programs & courses - Develop and maintain horizontal articulation with all suppliers	program/course approval - Audit Regional Councils activities

Option 2. (Continued)

	Responsibility Area	Local Boards	Regional Councils	State Board
IV	Planning:	- Prepare College master plans in educational programs & services, facilities, personnel, etc. based on local needs - Determine balance among educational activities and services - Determine degree of supporting services - Determine calendar	- Formulate regional master plans in educational programs & services, facilities, personnel, etc. based on local plans & analysis of regional needs -Evaluate master plans of local boards for implementation	- Develop state-wide criteria for master plans - Audit regional planning activity - Develop student fees structure - Develop and maintain uniform data reporting system and data collectic taxonomies
V	Personnel	- Conduct staff recruitment, selection, assignment, evaluation, retention and affirmative action activities - Implement State collective bargaining agreement on wages & working conditions (if in existence)	-Monitor the local personnel policies based on Federal & State laws and regulations	- Audit state personnel laws & regulation implementation - Develop appropriate state personnel laws & regulations - Interface with Federal agencies - Conduct collective bargaining - Develop credential standards
VI	Admissions	- Determine admissions policies & procedures except for interdistrict attendance & residency requirements	-Determine requirements for interdistrict attendance and district residency based on regional needs -Monitor requirements	- Develop guidelines for interdistrict attendance and residency requirement
VII	New Campuses, Centers, Facilities, Equipment & Physical Resources:	- Develop centers and facilities based on local & regional needs - Determine utilization of college owned and leased facilities in terms of location, design, assignment, scheduling & maintenance	-Approve new centers and facilities based on state-wide criteria -Approve district boundaries based on demographic characteristicss and data collection criteria -Develop new campus regional needs proposals	- Develop state-wide campuses, centers and facilities criteria for funding - Develop state-wide district boundary criteria - Approves new campuses based upon regional proposals

OPTION 2: (continued)

Responsibility Area	Local Boards	Regional Councils	State Board
		- Maintain regional computer, counseling, library, etc. systems	
VIII Academic Standards:	- Implement grading standards	- Monitor grading standards and instructor qualifications	- Develop and maintain grading standards and instructor qualifications

OPTION 3: TO INCREASE THE RESPONSIBILITY OF STATE LEVEL GOVERNANCE AND REDUCE LOCAL BOARD RESPONSIBILITY FOR GOVERNANCE.

Responsibility Area	Local Board	State Board
Influence:	- Maintain liaison with staff, community, students and employers - Support state lobbying activities	- Determine state educational needs - Conduct lobbying activities to meet state-wide needs
Allocation of Funds:	- Develop budget for local funds - Develop budget for state funds within state guidelines and regulations - Administer acceptance of gifts, contracts, and grants within state guidelines - Collect student fees	- Develop guidelines and Master Plan for expenditures of state and local funds - Audit local fiscal activities for compliance with state and federal law - Maintain liaison with federal agencies, the legislature and the Department of Finance - Allocate federal funds
Program/Course Approval:	- Develop programs and courses based on local needs and state guidelines - Maintain program evaluation - Determine methods of instruction & textbooks - Conduct vertical articulation in local district	- Approve courses and programs - Conduct program evaluation - Approve number of credit based on state guidelines - Conduct vertical and horizontal articulation at state level
Planning:	- Prepare college master plan in compliance with state master plan and guidelines - Determine local calendar - Submit state and federal reports	- Develop state master plan - Determine student fees - Maintain data reporting system

OPTION 3: (continued)

Responsibility Area	Local Board	State Board
Personnel:	- Conduct staff recruitment, selection, assignment, evaluation and grant tenure under state guidelines - Conduct affirmative action activities - Implement state collective bargaining agreement	- Monitor local compliance with state personnel guidelines - Conduct state-wide collective bargaining - Develop credential standards
Admissions:	- Implement state guidelines on admissions	- Establish guidelines for: a) transfer of credit; b) residency; c) inter-district attendance - Monitor local compliance
New Campuses, Centers, Facilities, Equipment and Physical Resources:	- Develop new campuses, centers, facilities and equipment within state guidelines Determine utilization of facilities in terms of location, design, assignment scheduling and maintenance	- Approve new campuses, centers, facilities and equipment - Evaluate local utilization of facilities
Academic Standards:	- Implement grading and instructor qualification standards within state guidelines	- Develop guidelines for grading standards and instructor qualifications

PRELIMINARY DRAFT
September 1, 1978

FINANCE PROJECT
WORKING PAPER ON
COMMUNITY COLLEGE MANAGEMENT

USE OF COLLEGE RESOURCES

For the purpose of this discussion, community college resources are divided into human and material. Human resources are further subdivided into faculty, administrative staff, support staff, students, and community. Material resources are divided between facilities and equipment. The following discussion attempts to identify major constraints on the effective use of these resources and indicate a range of possible solutions.

Faculty - Four constraints on the use of faculty are discussed: (a) tenure, (b) the 50% law, (c) academic calendar, and (d) credentials.

Although tenure was established to facilitate academic freedom, it is possible that tenure also promotes the retention of personnel that are not effective. The range of solution runs from abolition of tenure to state-level hiring, promotion, and retention policies. A mid-range solution might retain tenure with provision for periodic review.

The 50% law requires that at least half of the current cost of education be devoted to the salaries of instructors. The original intent appears to have been to ensure that a given amount of community college resources be allocated for instruction. There are indications the law may constrain instructional innovation. In any case, dictates are becoming increasingly difficult to meet, the exemption process is cumbersome, and existing sanctions do not appear effective in correcting violations.

The range of solution runs from simple repeal to establishing state-level faculty loads, and faculty-administrative-support staff ratios. A mid-range solution might provide financial incentives for colleges that allocate substantial portions of their resources into instruction, without detracting from administrative and support staff performance.

The current 175-day academic calendar does not provide time for faculty development. The Flexible Calendar Pilot Project posits a minimum of 160-day academic calendar, leaving up to 15 days for staff development activities. However, there is no provision in the pilot project for financial incentives to fund development activities.

The range of solution runs from simple repeal to comprehensive state-level scheduling for colleges. Implementation of the Flexible Calendar Pilot policies would represent a mid-range solution. However, the problem of financing development activities would remain. One consideration might be an annual grant for those activities, perhaps with additional categorical monies for exemplary projects.

Credentials - Currently, community college instructor certification ensures only that minimum standards of subject matter knowledge are met. It is entirely possible that unqualified instructors are certified and that qualified individuals are denied the opportunity to instruct.

The range of solution runs from abolishing the credentialling process to establishing a more rigorous process that attempts to rate the instructional abilities and subject matter knowledge of individuals.

Administrative and Support Staff

Except for tenure, similar factors constrain the use of these staff. Credentialling may be particularly meaningless for administrative and support staff certification.

There is little reason to believe that current laws result in an adequate measure of even potential personnel quality.

Many of the solutions are functionally interdependent with faculty effectiveness. It is suggested that the method be to address faculty, administrative, and support staff concerns simultaneously, with any solution(s) being comprehensive.

Students

Open-door policy - The current open-door policy ensures formal access to community college educational opportunities. However, the attrition rates are high, and this seems, too often, to result in an "open-door to failure." Possible solutions are: (1) increase emphasis on entry-counseling, diagnostic testing, and remedial placement; (2) restriction of entry into high-cost programs (vocational, typically); (3) some form of tuition that would provide a financial interest in course completion; and (4) restricting re-entry after dismissal.

Many community college programs are designed to prepare students for specific occupations. It is not effective to educate and not place a student. Increased emphasis on placement would involve the college more with the business community, thereby sharpening the college focus on available job-opportunities and, hopefully, lead to the acquisition by students of more marketable employment skills. Functional ties between the college and business community can begin the placement process during, rather than after, the completion of education.

Financial incentives may be necessary initially. However, the prospect of attaining funds from business for training directed at their specific needs should be explored.

Community

The potential for interfacing with local business and industry has not been exhausted. These sources of funding are extensive, but cannot be realized without serious effort. The same kinds of contractual agreements that currently

exist between public agencies and colleges could be used. "Seed" monies could be provided in a categorical way for proposals that appear to have a high probability for success and substantial expected return.

The same situation above exists with respect to providing services for other agencies within the public sector.

Facilities

Two basic components of the problem of more effective use of facilities are identified. The first has to do with the improved utilization of college facilities and the second with providing and operating facilities at less cost.

Improved facility utilization can be achieved primarily through more flexible course scheduling practices. Particular emphasis could be placed on identifying clientele and developing programs for afternoon, late evening, and weekend use of facilities. Studies of facility utilization, upon which state building standards are based, need to recognize that college facilities are used for a number of purposes other than lecture and laboratory instruction. Activities in community service and under the civic center act have been ignored in past utilization studies. If such services are recognized as part of the community college mission, they should be reflected in utilization studies and community college space standards.

With the prospect of a period of "steady state" or declining enrollments in some colleges, there is a need to redesign the capital outlay program to focus more on funding for lease, rental, remodeling, and rennovation and somewhat less on new construction. Use of relocatable facilities should be explored before permanent facilities are funded.

The time frame between initial program planning and facility occupancy (currently about five years for state supported construction) needs to be shortened. One

mechanism that should be explored is the development of a component in the college support mechanism to fund the construction and operation of facilities for "core" programs in all colleges. Specialized vocational/technical and support programs and facilities might continue to be reviewed on a project basis.

Another alternative is to eliminate the detailed project review currently undertaken by the Chancellor's Office, the Department of Finance, and the Legislative Analyst. Funding for capital and facility operational costs could be supplied to colleges on the basis of an enrollment or contact hour measure, recognizing such factors as age of existing campus facilities, differential college growth rates, and program mix. State staff freed from the current detailed project justification process could be reassigned to provide increased facility planning consulting services to colleges.

As noted in the "finance" working paper, alternative funding sources for capital outlay need to be explored. Related to the problem of capital outlay support is the issue of the "balanced campus." The issue is seldom taken beyond the statement that the state will not fund theaters, gymnasiums, swimming pools, athletic fields, and other support facilities for all community colleges. Central to the issue of the balanced campus is the question of community college mission. Community colleges provide social services and cultural, intellectual, and recreational activities for the community. If such activities are valued by the state as part of the college mission then facilities to house such activities should be supported, if not by the state, from some other appropriate and predictable source.

SCHEDULING AND MEASURING STUDENT WORK

This discussion assumes that no one academic calendar or course scheduling technique can be "most effective" for all colleges. Consequently, decisions concerning the adoption of academic calendars and course scheduling practices should be made at the local level. Likewise, there is no "best balance" between

classroom instruction, tutoring, and learning resource activities. Rather the "best balance" for a particular campus depends upon student clientele, program mix, and available staff and resources. Again, such decisions should be made locally. Therefore, this discussion will focus attention on ways to increase flexibility in colleges' ability to schedule a variety of instructional methodologies.

Two basic questions concerning student measures are addressed. First, what incentives and constraints in the instructional process are likely given the use of various student measures (i.e., headcount enrollment, units, contact hours, etc.)? Second, which of these measures best relate to college operating and capital costs?

The limitations of the contact hour-based Average Daily Attendance (ADA) are well known. This measure, a carryover from K - 14 school organization, stresses student/faculty contact as the most valued instructional method. Thus, laboratory classes generate three times more revenue per credit unit than do lecture classes. Independent study, credit by examination, and some self-paced instructional programs receive little, if any, state support. Students learn through a variety of instructional methods. As a result, the student measures used to fund colleges should provide incentives for a variety of instructional methodologies.

Alternative student workload measures also have limitations. Other public postsecondary institutions in California are funded on the basis of the credit unit-based Full-time Equivalent (FTE). Some argue that this model would not properly address cost disparities between lecture and laboratory courses in the community college system. The FTE also does not measure non-credit enrollment.

The demand for some student support services and other college non-instructional services may best be measured by headcount enrollment. For example, all students, regardless of course load, must be registered and receive grade reports. The need for counseling services, health and child care, and learning resource center activity may also be more closely related to headcount enrollment than to either

FTE or ADA. Yet it is obvious that headcount enrollment does little to define the extent of instructional activity of an institution. This measure does not distinguish between variations in student load among colleges.

It appears that several, rather than one, measures relate best to the different kinds of college costs. The project will examine which measures best relate to four broad expenditure categories: (1) instruction, (2) student services, (3) institutional support services, and (4) capital outlay. A sample of colleges with reliable expenditure, student and course data reporting will be analyzed to determine the relation of various student measures to college expenditures in each of the four areas. Results will be tested for all colleges through a simulation model.

It is possible that one, or several, student measures will be used in future allocation formulas. It is also possible that capital costs of a college may be funded on a formula, rather than project, basis. Another possibility being explored is a "block grant" amount to be distributed to colleges free from any student measures.

Course certificate and degree completions are student outcome measures which also are under review for possible inclusion in the financing formula or in program planning and evaluation. Due to differences in community demographics and to possible impact on academic standards, it is doubtful that such measures may be used for comprehensive college funding. These outcome measures might be used, however, as part of an incentive program to improve student persistence.

Student followup procedures may be instituted to measure student/transfer institution/employer satisfaction with college work. Again, measures gained from such procedures could be used either as part of a categorical funding mechanism or in the program planning and evaluation process.

With respect to calendar and course scheduling, study is focusing on the constraints current Education Code requirements place on instructional methodologies. Is the 175-day requirement for an academic year a valid concept for the community colleges? Should the number of days be fewer, greater, or should the 175-day requirement be dropped completely? Other public postsecondary institutions are not constrained by such Education Code requirements and are allowed to set their own guidelines, consistent with maintaining academic quality.

Current enrollment census procedures are devised for full-term courses on either a semester or quarter basis. Colleges cannot institute short-term courses, or courses extending bdyond the regular term, without reverting to the cumbersome procedure of positive attendance (an actual count of student attendance at each class session). If short-term courses are a useful part of the instructional program, then student accounting procedures should not discourage their use.

The Flexible Calendar Pilot Program is addressing these and other questions related to college calendar and course scheduling practices. The first-year evaluation is now complete and the processing of second-year evaluation instruments is in progress. These two evaluation reports will be the basis for finance project analysis of calendar and course scheduling practices.

ACCOUNTABILITY

For community college purposes, accountability may be described in four ways: (1) mandates, (2) legal compliance, (3) evaluation, and (4) accreditation.

Mandates

There are many state and federal mandates regarding college activities. These mandates have proliferated and exceeded their basic interest; i.e., as broad expressions of public policy dictating the objectives, but not the way in which a specific district and/or college need go about achieving those objectives. Mandates often seem designed to solve specific operating or resource allocation problems that are the management responsibility of local boards and administrators. The state often mandates solutions to problems that are not solved at the local level.

Legal Compliance

Determining compliance might be defined as assessing whether or not college practices meet legal requirements. This process is distinct from evaluation or accreditation. The latter two are assessments of the quality of the product as well as the effectiveness of the practice. (More about evaluation and accreditation below.)

The California Education Code requires that certain community college activities be pre-audited, approved, and monitored or reviewed by the state, typically by the Chancellor's Office. Most often, these activities are those for which statf funds are ultimately distributed to districts. Literal interpretation of certain of these Code sections implies an investigation of community college activities far more detailed than even accreditation. There are not enough state staff to insure compliance with the letter of these sections by 70 districts operating 106 colleges and 2,700 outreach locations offering more than 6,000 programs and more than 60,000 courses. Some compliance sections may be monitored on a post-audit and/or sampling basis. Other sections may not be worth enforcing, in which case, the law should be changed. For some colleges, requirements for compliance may exhaust a disproportionate amount of overhead resources in relation to the state or federal dollars forthcoming for a program. Compliance responsibilities need to be located appropriately, simplified, and made more effective.

Evaluation

Any facit of community college operations may be subjected to evaluation. Generally, evaluation focuses on the input-activity-output relationship. Input refers to the resources allocation for a given purpose. Activity is the process in which the resources are utilized. Output refers to the results of the entire effort.

Studies of effectiveness require an evaluation of the relationship between input, activity, and output. Thus, the possible precision of evaluation is determined by the specificity of available data in all three variables.

Community college evaluation may include community needs; institution and/or programs; administrative, faculty, and support services; and student perceptions. Some of the typical measures include:

Population currently served/unserved
expressed needs
location of needs
community demographic data
general cost effectiveness
program duplication and intercorrelation
degree and certificate completions
student attrition rate
grade distributions
facility utilization
cost per FTE
function and organization
peer evaluation
student evaluation
administrative evaluation
job placement
transfer

Accreditation

Accreditation is basically a self-study (with external validation) which takes place at the intra-district or college level to determine if that college is achieving its appropriate goals and objectives. There may be some informational interchange between the state-level evaluation and the college accreditation even though the two procedures are separated in practice as well as in concept.

Accountability Models

Interaction of three basic variables may determine the scope and depth of community college accountability models. These variables are: (1) source(s) of funding, (2) location of budget and planning decisions, and (3) type of financial support technique(s) used.

There is a continuum of potential major funding sources for community colleges. The polar extremes approach 100% local and state funding respectively, while

the mid-point approximates a 50% - 50% mix. Typically, the level of preponderent funding will be a major factor in determining financial support techniques and positing decision-making.

There also is a continuum of decision-making locations concerning planning and budgets. The polar extremes approach 100% local and state decisionmaking respectively, while the mid-point approximates a 50% - 50% mix. Local is defined as college level. Thus, both the district and regional models represent a mix, although their proportions vary. The state level is dominated by the Chancellor's Office, although other state agencies and the Legislature have significant influence.

A continuum of financial support techniques ranges from revenue sharing to categorical aid, with the mid-poirt indicating a 50% - 50% mix. The range of support techniques traditionally has determined the range of available accountability techniques. Revenue sharing generally has used only broad expenditure controls, and at the extreme, afforded only fiscal accountability. Categorical aid expenditure controls, and accountability, may be very specifically defined by object and/or activity. Thus, performance-based evaluation is often a feature. Perhaps the most detailed example of categorical support techniques is the "line-item budget."

There are 27 possible combinations of these three factors. Before examining the range of configurations, it is useful to examine some general characteristics of the factors.

The proportion of funding from a given source will strongly influence that disburser's interest in accountability. For example, if the state portion of funding increases, typically so will the interest in state-level accountability.

The type of finance support technique used will include expenditure control mechanisms. The specificity of expenditure control will, to some extent, determine the possible range of accountability measures. Generally, revenue sharing posits

broad, general expenditure controls, while categorical aid requires much more definitive controls. Revenue sharing usually culminates in fiscal accountability, with limited broad activity and/or performance-based accountability potential. Categorical aid is much more specific in purpose, and consequently, carries more potential for activity and performance-based accountability.

Specific sanctions for non- or mal-performance are easier to identify, and use meaningfully in a categorical model. Some general fund - revenue sharing models offer only total cessation of funding as recourse for unsatisfactory performance.

The level of decisionmaking will dictate who's to be responsible for accountability. Generally, responsibility for accountability is not placed below the authority for planning and budgeting for a given activity. This follows from the notion that responsibility follows authority.

Cost-effectiveness and cost-benefit studies require that resource allocation, expenditure, activity, and results be measured. Therefore, the more generally these variables are reported, the more general the analysis. Again, revenue sharing models provide less specific controls, data, and, thus, outcome measures. This situation is usually reserved with respect to categorical aids.

The cost of accountability increases with the level of specificity and the number of governmental agencies involved. Proposals for increased accountability need to be accompanied by funding where added burdens for data collection, reporting, and analysis arise.

There are six configurations that are particularly interesting as they represent the breadth of possible alternatives. Each is briefly described below and all are being further specified and analyzed.

(1) State funding/local decisionmaking/revenue sharing. In this model, funding is primarily state in origin, budget and planning is a local prerogative. Revenue sharing is the support technique. Thus the state funds, locals decide, and the support technique provides only fiscal accountability.

(2) Mixed funding/mixed decisionmaking/revenue sharing. In this model funding is mixed, including both state and local contributions. Budgetary and planning responsibilities are mixed also. One would expect some correlation between the funding and decisionmaking mixes. The support technique is revenue sharing, providing fiscal accountability.

(3) State funding/state decisionmaking/mixed support techniques. Here funding is of state origin, as are budget and planning responsibilities. The support technique is mixed. Typically one would expect to find both revenue sharing and categorical aid monies. Categorical aid would afford more specific accountability measures and costs.

(4) Mixed funding/mixed decisionmaking/mixed support techniques. In this model all three variables are mixed. One would expect to find a rough correlation between the proportional mixes.

(5) State funding/state decisionmaking/categorical aid. Here funding and decisionmaking are state functions. The support technique used is categorical aid. Thus accountability is specific. This model is the most structured, and least permissive.

(6) Mixed funding/mixed decisionmaking/categorical aid. In this model, both funding and decisionmaking are mixed. Again, one would expect a rough proportional correlation. The support technique is categorical aid which should increase specificity and cost.

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79

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80